

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1684-01
Bill No.: HB 719
Subject: Alcohol; Tobacco Products; Public Safety Department; Fees
Type: Original
Date: March 17, 2011

Bill Summary: This proposal requires one cent from the twelve cents collected and deposited into the Missouri Wine and Grape Fund to be placed in a dedicated fund for the Division of Alcohol and Tobacco Control for enforcement purposes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Wine and Grape	(\$100,000)	(\$120,000)	(\$120,000)
Division of Alcohol and Tobacco Control Enforcement	\$100,000	\$120,000	\$120,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer** and the **Department of Revenue** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Public Safety - Alcohol and Tobacco Control (ATC)** state in FY '2010, ATC collected \$717,927 from the \$.06 cents collected under Section 311.554.1. One cent of that amount, or \$119, 655 would be redirected to the ATC Enforcement Fund for FY 2013 and FY 2014. In FY 2012, the law would not take effect until August 28, 2011; therefore, the amount deposited into the ATC Enforcement Fund would be for 10 months or \$99,713.

Officials from the **Department of Agriculture (AGR)** state this bill would take away the .01 cents per gallon for the Wine and Grape Fund and move it to Division of Alcohol and Tobacco Control for enforcement purposes. AGR assumes an annual loss to the Wine and Grape Fund of roughly \$120,000 per year from this proposal.

AGR states since the fund was created in 1983, there are 99 wineries in Missouri. The Missouri wine and grape industry would lose competitive edges in grape growing and wine making techniques. Losses would occur in taxes, jobs, revenue and growth in Missouri agriculture.

According to the Fund Activity Reports published by the Office of the State Treasurer, the annual receipts into the Wine and Grape Fund for the past three years have been:

FY 2010	\$1,482,544
FY 2009	\$1,377,162
FY 2008	<u>\$1,403,437</u>
Average	<u>\$1,421,048</u>

The proceeds into the fund are the result of a \$.12 cent excise tax on wine. Therefore, one-twelfth of this amount would equate to roughly \$118,420. **Oversight** will use an annual loss to the Wine and Grape Fund (and a corresponding gain to the new Division of Alcohol and Tobacco Control Enforcement Fund) of \$120,000 per year. FY 2012 will be prorated for 10 months, or \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
WINE AND GRAPE FUND			
<u>Loss</u> - one-twelfth of the excise tax on wine will now go to the Division of Alcohol and Tobacco Control Enforcement Fund	<u>(\$100,000)</u>	<u>(\$120,000)</u>	<u>(\$120,000)</u>
ESTIMATED NET EFFECT TO THE WINE AND GRAPE FUND	<u>(\$100,000)</u>	<u>(\$120,000)</u>	<u>(\$120,000)</u>

DIVISION OF ALCOHOL AND TOBACCO CONTROL ENFORCEMENT FUND

<u>Income</u> - one-twelfth of the excise tax collected on the sale of wine (currently goes to the Wine and Grape Fund)	<u>\$100,000</u>	<u>\$120,000</u>	<u>\$120,000</u>
ESTIMATED NET EFFECT TO THE DIVISION OF ALCOHOL AND TOBACCO CONTROL ENFORCEMENT FUND	<u>\$100,000</u>	<u>\$120,000</u>	<u>\$120,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small wine and grape businesses that receive assistance through the Wine and Grape Fund could potentially be negatively impacted as a result of this proposal.

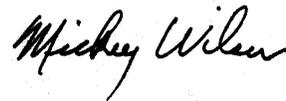
FISCAL DESCRIPTION

This proposal requires one cent from the twelve cents collected and deposited into the Missouri Wine and Grape Fund to be placed in a dedicated fund for the Division of Alcohol and Tobacco Control for enforcement purposes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Agriculture
Office of the State Treasurer
Department of Revenue



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Director
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